

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SSO-00 INRE-00 USIE-00 AID-05
CEA-01 CIAE-00 COME-00 EB-08 EA-07 FRB-03 INR-07
NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 /078 W
-----021509Z 035321 /43

O P 021557Z APR 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 6005
INFO ALL OECD CAPITALS PRIORITY
USMISSION USUN PRIORITY
USMISSION GENEVA PRIORITY

C O N F I D E N T I A L OECD PARIS 09748

PASS: EB FOR BOEKER; TREASURY FOR GRIFFIN; COMMERCE
FOR KATZ

E.O. 11652: GDS
TAGS: EINV, OECD
SUBJECT: PRESS COVERAGE OF OECD (CIME) CONSIDERATION OF
BELGIAN PRESENTATION RELATED TO BADGER CASE

REF: SMITH/RYAN TELCONS 3/31/77; OECD PARIS 9587

1. FOLLOWING PRESENTATION TO CIME ON WEDNESDAY MORNING,
BELGIAN SECRETARY OF STATE FOR REGIONAL ECONOMY, EYSKENS,
MET WITH PRESS AND RESULTING COVERAGE SERIOUSLY
MISREPRESENTED VIEWS OF CIME MEMBERS. HE WAS QUOTED BY
JACK ABOAF OF AP-DOW JONES, FOR EXAMPLE, AS SAYING THAT
THE MAJORITY OF DELEGATES AGREED WITH HIS VIEW THAT
PARENTS ARE MORALLY RESPONSIBLE FOR THE OBLIGATIONS OF
SUBSIDIARIES.

2. TO SET RECORD STRAIGHT, U.S. DEL (SMITH) GAVE BACK-
GROUNDER TO ABOAF WHICH WENT OUT ON AP-DOW JONES TICKER
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ON THE FOLLOWING DAY. RESULTING STORY WHICH APPEARED
IN PARIS HERALD TRIBUNE ON SATURDAY FOLLOWS:

QUOTE -- HEADLINE CAPTION -- OECD CODE STIRS DEBATE --
THE DEGREE OF RESPONSIBILITY OF PARENT COMPANIES TOWARD
THEIR WHOLLY-OWNED SUBSIDIARIES HAS BECOME A HOT ISSUE
AMONG MEMBERS OF THE ORGANIZATION FOR ECONOMIC COOPERA-

TION AND DEVELOPMENT.

FOR THE FIRST TIME, A SPECIFIC CASE OF ALLEGED VIOLATION OF THE CODE OF CONDUCT FOR MULTINATIONAL FIRMS ADOPTED BY OECD MEMBER GOVERNMENT LAST JUNE HAS BEEN BROUGHT TO THE ATTENTION OF THE COMMITTEE FOR INTERNATIONAL INVESTMENT.

IT INVOLVES BADGER-BELGIUM (IHT, APRIL 1), WHICH TERMINATED ITS ACTIVITIES LAST JANUARY AND DISMISSED ITS 250 WORKERS WITHOUT SEVERANCE PAY REQUIRED UNDER BELGIAN LAW.

CONFERENCE SOURCES TODAY CHALLENGED REMARKS BY BELGIUM'S SECRETARY OF STATE FOR REGIONAL ECONOMY, MARC EYSKENS, WHO SAID IN AN INTERVIEW YESTERDAY THAT "A LARGE MAJORITY OF COMMITTEE MEMBERS SUPPORTED HIS GOVERNMENT'S VIEW THAT THE PARENT U.S. COMPANY WAS "MORALLY RESPONSIBLE" FOR ITS BELGIAN SUBSIDIARY.

THE SOURCES SAID TODAY THERE WAS NO CONSENSUS AT THE MEETING. THEY SAID SOME DELEGATIONS EXPRESSED THE VIEW THAT "THERE MIGHT BE SOME CIRCUMSTANCES IN WHICH CERTAIN MORAL RESPONSIBILITIES WOULD REST WITH A PARENT COMPANY," BUT WERE NOT PREPARED TO GO FURTHER AT THIS TIME.

THE BADGER AFFAIR IS SEEN AS A MAJOR TEST CASE. THE INTERPRETATION WHICH THE COMMITTEE WILL EVENTUALLY GIVE TO THE OECD GUIDELINES COULD WELL SET A PRECEDENT FOR OTHER CASES, CONFERENCE SOURCES SAID.
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A U.S. SOURCE INDICATED THAT IT WAS THE VIEW OF THE COMMITTEE THAT IT WAS CLEARLY NOT WITHIN ITS MANDATE TO ENGAGE IN FACT-FINDING WITH RESPECT TO SPECIFIC CASES, OR TO REACH ANY CONCLUSIONS ON THE CONDUCT OF INDIVIDUAL ENTERPRISES. END QUOTE
TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, PRESS CONFERENCES, COMMITTEE MEETINGS, ALLEGATIONS, MEETING REPORTS, AMENDMENTS, MEETING DELEGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OECDP09748
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770114-0896
Format: TEL
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770496/aaaadfhw.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bb878bab-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 OECD PARIS 9587
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2920513
Secure: OPEN
Status: NATIVE
Subject: PRESS COVERAGE OF OECD (CIME) CONSIDERATION OF BELGIAN PRESENTATION RELATED TO BADGER CASE
TAGS: EINV, SOPN, US, OECD, CIME
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/bb878bab-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009